

Wilson & Co.
IncorporatedBusiness
Finances
Earnings
Securities
ProspectsThese features are
discussed in our Circular D-29, mailed
upon request.**FINANCIAL NEWS
AND THE SITUATION**Higher Money Fails to Check
the Rise in Prices in the
Stock Market.PROFESSIONALS ARE BUSY
Greater Strength Follows the
Reaction, but Movements
Are Extraordinary.

By WILLIAM JUSTUS BOIES.

The stock market has recovered last week, its first thoroughgoing reaction since the inception of the present upward movement in February. The sharp rise in money rates with the Federal Reserve Board's warning concerning evil effects of unrestricted lending overstimulated collateral at a time when the country was about to have the largest crop ever harvested amounting to most of the selling. The recessions, ranging from one to sixteen points in some stocks, were largely made good before the close of the week, the market showing great resiliency, with confidence in its soundness.

It is apparent that money conditions will be the governing factor in the situation until after the semi-annual interest and dividend payments are financed toward the close of this month. In addition to those disbursements there will be the final instalment of income taxes on June 15, aggregating more than \$1,000,000,000 to be provided for. Reckoning the payments of the July disbursement period at \$250,000,000 and having regard for the other obligations which have to be financed at the beginning of a new fiscal year, the total expense will be approximately \$1,000,000,000, a formidable sum for the markets to provide even in these days of billion dollar banking and to be raised just before the opening of the harvesting season when the largest crops ever produced will be marketed.

Another factor of direct bearing on the money market outlook is the movement under way to organize a nationwide syndicate of banks and banking houses to finance the restoration of industry abroad. This is the most ambitious undertaking of the sort ever attempted and it is essential for expansion. American firms should therefore make the slightest donation that will succeed. Those who have canvassed the situation thoroughly say that credits ranging from \$1,000,000,000 to \$5,000,000,000 will be required to provide the foreign countries with the necessities of life and commerce. The demand for loans by a group of bankers to finance at this time what will be required and the probability is that in addition to syndicate advances there will be large credits extended by private firms and corporations engaged in foreign commerce.

Helping Europe Helps Us.

In attempting to restore Europe's crippled industries to a peace basis, the financial interests of this country are beginning to furnish a loan and credit campaign which may call for larger total outlays than those under discussion, because the movement is of international proportions and will comprehend various forms of relief, including large direct and foreign investments by American investors. It is helping other nations to do business with us we are financing the continuance of our own prosperity, although the credit basis is very different from that which prevailed before the war. The foreign loans that have been sold have been on a six per cent or six per cent, income basis, which is the judgment of international bankers, representing as generous terms as borrowers could expect to obtain in this market when most of the world seeks accomodation.

These considerations show that extremely interesting developments in the investment situation are pending and that the last half of 1919 will be a period in which money conditions are likely to be the dominating influence in the market. There is a vast amount of financial help to be done this country as soon as the railroad traffic is straightened out and the great industrial corporations set their way clear to initiate new improvement work. The money available to be augmented by the inflow of Canadian capital and the like in the last fortnight indicate that the movement will reach considerable proportions. All such assistance will be needed before the year ends, as the momentary requirements of the reconstruction period are far from approaching the demands of war times.

Price Levels Infated.

The whole country is doing business on an inflated price level, which means that the daily turn over is abnormally heavy and that the country's bank clearings probably will continue exceptionally large for the time being at least. Prices of all kinds are being stabilized, but the basic commodities of either or two notable exceptions, have not been reduced appreciably. The testimony of retail merchants at Industrial centres is that well to do earners are buying liberally at the higher price level and in this respect intelligence is less than that of employment and in Detroit, Baltimore, Cleveland, Minneapolis and other cities there is a scarcity of skilled labor, notwithstanding demobilization and return of workers from plants formerly engaged in Government contracts. The result is that the farmers will have to pay this season a record wage to attract competent men and that good helpers will be scarce.

Whatever emergency financing be attempted will be based on natural turns of the money market rather than on the financial mechanism. In such a situation it is right for the bankers to obtain normal rates for accommodation and not to adhere to the 4% or 4½ per cent interest basis of the war loan period.

American bankers and business men must work the problem of financial development work the problem of which is beyond the calculation of even the financial experts employed by the Economic Council at Paris. Every business man has been forced to enlarge his vision and adopt the international viewpoint as the only means of forming an intelligent estimate of what is likely to happen during the next few years.

Various obstacles will have to be overcome before an adequate programme for extending relief to crippled nations can be formulated. But during the interval nothing will be permitted to interfere with orderly expansion of our foreign trade and such development of domestic industries demanded by progressive leaders of the country as later on.

The movement undertaken to close the Stock Exchange on Saturdays during July and August has much to support it not only in what has happened but in the promise of what is likely to occur during the coming months of feverish excitement.

TOTAL TRANSACTIONS IN THE NEW YORK STOCK EXCHANGE.

Week Ended June 7, 1919.

Sales for week..... 9,762,181 3,176,071 4,332,400 January 1 to date..... 117,428,562 64,614,006 85,599,955

1919. 1918. 1917. 1918. 1917. 1917.

Open. High. Low. Last. Net High. Low. Last. Net High. Low. Last. Net

Sales. Sales.

1919. 1918. 1917. 1918. 1917. 1917.

Open. High. Low. Last. Net High. Low. Last. Net High. Low. Last. Net

Sales. Sales.

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